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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

REPLY BRIEF FOR PETITIONER

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

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REPLY BRIEF FOR PETITIONER

This case meets the prerequisites for review by this Court. Respondent has advanced no valid reason for denial of the petition.

I. THE NON-FINAL CHARACTER OF THE DECISION BELOW SHOULD NOT BAR REVIEW

Respondent relies heavily upon the fact, *peculiar to this case*, that the judgment of the court below is not final. Respondent seeks to induce this Court to ignore the important issues which far transcend the present case—as compellingly demonstrated by the widespread conflict between the circuits.

In these circumstances non-finality is no bar to review. As said by this Court in *American Construction Co.* v. *Jacksonville, Tampa & Key West Railway Co.*, 148 U.S. 372, 385 (1893) cited by respondent (R. Br. 8):

> ". . . But the question at what stage of the proceedings, and under what circumstances, the case should be required, by certiorari or otherwise, to be sent up for review *is left to the discretion of this court, as the exigencies of each case may require.*"[1]

The urgent need for a construction by this Court of the pendent jurisdiction statute, 28 U.S.C. § 1338(b), justifies its exercise of discretion to grant the writ *now*.

A. The Need for Resolution of the Conflict Between the Federal Circuits Transcends Any Non-Finality in This Particular Case

The petition shows that six (6) federal circuits are divided evenly on the construction of the statute. Forty-five (45) cases construe it "strictly" (Pet. 12a). Thirty-two (32) cases construe it "broadly" (Pet. 16a). Seldom has a conflict between the circuits been so widespread.

Unless resolved by this Court, the conflict is certain to become even wider. An interpretation of 28 U.S.C. § 1338(b) must be faced in essentially all non-diversity cases joining nonfederal unfair competition claims with federal patent, trademark, or copyright claims.

Respondent attempts to minimize the conflict by characterizing the various decisions as merely using "seemingly inconsistent expressions" (R. Br. 10). The

[1] Unless otherwise indicated all emphasis in this brief is supplied.

fact is that the "expressions" employed in the decisions of the Second, Fifth, and Ninth Circuits on the one hand, and the Sixth, Seventh, and Eighth Circuits on the other, are clearly inconsistent. And more important, these "expressions" manifest fundamentally divergent attitudes toward the construction of the statute. As a practical result these conflicting attitudes produce opposite conclusions in particular cases. The requirement for "substantially the same facts"[2] and "a single cause of action"[3] *in a "strict" context* will defeat jurisdiction in many instances where "part of the proof in support of one claim" would be found "common to the other"[4] *in a "liberal" context.*

Respondent's self-serving attempt to minimize the conflict is less persuasive than the clear recognition of the fact of conflict by the court below. That court identified "the narrower and broader views of 'related' " by reference to specific conflicting cases (Pet. 24a-26a). It noted the reference in *Pursche* v. *Atlas Scraper and Engineering Co.*, 300 F.2d 467, 483 (9th Cir. 1961) to "the conflict among the circuits" (Pet. 26a). The fact that it aligned itself with the "broader view" is inescapable. It said:

> "The authorities sustaining the *more liberal* construction in order to facilitate joinder and avoid piecemeal litigation appear to more nearly meet both the objective of the statute and the rule

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[2] Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 325 (1938).

[3] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[4] Decision below, Pet. 26a, n. 7; Wham-O-Mfg. Co. v. Paradise Mfg. Co., 327 F. 2d 748, 752, n. 5 (9th Cir. 1964).

in *Hurn* than do those applying the *narrower view* of the word 'related'. The former view does not in our opinion run counter to the rule in *Hurn* and commends itself to us as being the correct view.[8]

"[8]. This *conclusion* is strengthened . . . ." (Pet. 26a)

That the court below was correct in recognizing the reality of the conflict is clear from the barest perusal of the decisions listed and analyzed in Appendix A of the petition (Pet. 1a-19a).

In *Forsyth* v. *Hammond*, 166 U.S. 506 (1897) this Court thoroughly discussed the question of the propriety of review by certiorari of a non-final decision on an issue as to which inferior courts are in conflict. This Court at 511, 515, expressed the governing principles as follows:

"The first proposition of counsel for plaintiff is that the writ of certiorari was prematurely issued, and that this court could not *at that time* rightfully take jurisdiction of the case because there had been *no final decree*. . . .

* * * * * *

"Among the considerations thus suggested are those which indicate why in this case the court properly exercised its power and issued the writ of certiorari. There was a *conflict* between the decision of the circuit court of appeals for the seventh circuit and the supreme court of the state of Indiana. . . . All the unfortunate possibilities of conflict and collision which might arise from these adverse decisions were suggested when this application for certiorari was made, and, although *no final decree had been entered*, it seemed to us a duty to bring the case and the question here for examination *at the earliest possible moment*."

Other cases emphasizing the propriety of review of non-final decisions because of conflict between the circuits include *United States* v. *General Motors Corp.*, 323 U.S. 373 (1945) and *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1916).

A recent precedent of particular significance is *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957), where this Court granted certiorari to review a statutory venue question that had been decided differently by several courts of appeal. In *Fourco* the issue was raised by the *non-final* decision of a court of appeals holding venue proper and remanding the case for trial.

The importance of the jurisdictional issue involved here and the widespread scope of the conflict between the circuits abundantly justify review by this Court "at the earliest possible moment" in furtherance of the policy expressed in *Forsyth*.

B. The Jurisdictional Issues Presented Are Fundamental to the Further Conduct of the Case

In *Larson* v. *Domestic and Foreign Commerce Corp.*, 337 U.S. 682, 685, n. 3 (1949), this Court stated:

> "The judgment of the Court of Appeals was not a final one, but we considered it appropriate for review here since, in our view, the *jurisdictional issue* was '*fundamental to the further conduct* of the case'."

Cases in accord include *United States* v. *General Motors Corp.*, 323 U.S. 373 (1945) and *Land* v. *Dollar*, 330 U.S. 731, 734 (1947).

Respondent attempts to show that the questions presented by the petition are not fundamental to the fur-

ther conduct of the case. In this attempt respondent paints a false "posture of the case" (R. Br. 5) and ignores the real issue. The fact is that both lower courts have made definite findings presenting specific and concrete issues clearly fundamental to further conduct of this case.[5]

Question 1 of the petition involves pure statutory construction. It seeks the meaning of the term "related" in the statute. It is the fundamental question as to which the circuits are in conflict. It *must* be decided *before* Question 2—whether the federal and non-federal claims in this case are "related" *within that meaning*—can be considered.[6]

The District Court decided both questions *on the pleadings.*[7] The Court of Appeals unequivocally adopted the *"broad"* answer to Question 1.[8] Thus, in the absence of reversal by this Court, the "broad" meaning of "related" is the *law of the case* and will govern all future proceedings.

The Court of Appeals found no error in and affirmed the District Court's conclusion on Question 2 that the claims *as pleaded* are ~~not~~ "related" under the "broad"

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[5] The decisions cited by respondent refusing to consider abstract or theoretical issues are inapposite. Respondent has confused non-finality with the absence of a case or controversy.

[6] Respondent's rephrased "question" (R. Br. 2) places the cart before the horse. It ignores the *primary* question of the meaning of the statute which must be decided before respondent's "question" can be reached.

[7] "From the allegations of the complaint it appears to be both substantial and related, so the defendant's motion will be denied." Decision of District Court, Pet. 20a (R. 50).

[8] See quote from Court of Appeals decision, pages 3-4, *supra.*

meaning of that term. There will be no further consideration of Question 2 by the District Court *on the pleadings.*

The Appellate Court, of course, left room for reconsideration of Question 2 if facts at variance with the pleadings should develop as the suit proceeds.[9] It did not hold, as respondent contends, that more facts are necessary to decide whether the two claims are related *on the pleadings.* It did not "dismiss the interlocutory appeal" (R. Br. 5). It *affirmed* the District Court's decision.

A crucial fact, ignored by respondent, is that the District Court, in any further consideration of Question 2, is *bound* by the Court of Appeals decision that the *"broad"* view of "related" is "the *correct* view" (Pet. 26a).

Particularly untenable is respondent's argument that resolution by the lower court of the "disputed factual issue" of whether the two claims are related *under the strict test* should precede consideration by this Court of the meaning of "related" (R. Br. 5). In the present posture of the case the fact question of whether the two claims are related *under the "strict" view* will *never be reached.* Indeed, if the petition is denied and trial on the merits ensues, a further petition would be subject to the same challenge presently advanced by respondent insofar as the final disposition of the jurisdictional issue is concerned.

Petitioner believes, however, that the "disputed factual issue" of whether the two claims in the case are related under the *"strict"* test can be resolved by

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[9] It is axiomatic that a finding on a jurisdictional issue is always open to reconsideration, even after judgment.

this Court *on the pleadings at this time.* Remand will not be necessary. Clearly, trade secrets which exist *after* issuance of a patent must be *different* from the subject matter of the patent.[10] Claims for misappropriation of the secrets and infringement of the patents *cannot* be "different epithets to characterize the same group of circumstances".[11] They *cannot* be based upon "substantially the same facts".[12] They would *not* arise out of the same cause of action.

Even if this Court upon reversal of the Court of Appeals' "broad" test should decide to remand the case for a decision *under the strict test,* as to whether the two claims are related, the granting of the writ at this stage will have served a useful purpose. The trial court would then make its decision *under the proper test.* And even more important, the *conflict* among the circuits *will have been settled.*

Significantly, in *Newport Industries* v. *Crosby Naval Stores,* 139 F.2d 611, 613 (5th Cir. 1944), which was decided under the strict test of *Hurn* before the statute, the Appellate Court below said:

> "... Jurisdiction is attempted to be sustained as of a claim *arising under the patent laws;* but the ground for this [trade secret] relief is a common

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[10] Respondent argues that it was necessary for petitioner to steal its trade secrets to learn how to practice the patented process (R. Br. 4). If that is true, the patents in suit are invalid for failure to "contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same, and [to] set forth the best mode contemplated by the inventor of carrying out his invention." 35 U.S.C. § 112.

[11] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[12] Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 325 (1938).

> law right. A trade secret, as we have pointed out above, cannot possibly be patented. This claim is a separate one, just as a suit for appropriation of literary property is separate from a suit under the copyright laws. Hurn v. Oursler . . . ."

Any determination by the District Court *under the strict test* would be *controlled* by *Newport.*

II. THE CONSTITUTIONAL QUESTIONS PRESENTED BY QUESTION 3 OF THE PETITION ARE APPROPRIATE FOR REVIEW AT THIS TIME

As respondent acknowledges (R. Br. 6), petitioner is *not* asking this Court to declare 28 U.S.C. § 1338(b) unconstitutional.[13] Petitioner *does contend* that the Constitution requires the "strict" interpretation of the term "related" as used in that statute. There is no reason for this Court to defer consideration of this issue. There is every reason why it should consider it "at the earliest possible moment."[14]

III. THE DECISION BELOW IS IN CONFLICT WITH HURN V. OURSLER

Petitioner reiterates that the court below merely rendered lip service to the decision of this Court in *Hurn* v. *Oursler,* 289 U.S. 238 (1933), then proceeded to violate its basic mandate. The court's conclusion that "the [more liberal] view does not in our opinion run counter to the rule in *Hurn*" (Pet. 26a) cannot be squared with the actual holding in *Hurn.*

The strictness of the *Hurn* test is demonstrated by respondent's brief. Respondent emphasizes the fact

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[13] The cases cited by respondent are thus inapposite. They hold that this Court should not pass on the constitutionality of an Act of Congress unless unavoidable.

[14] Forsyth v. Hammond, 166 U.S. 506, 515 (1897).

that this Court in *Hurn* was able to decide the unfair competition claim *on its merits* despite the fact that the District Court had taken evidence *only* with respect to the federal copyright infringement claim. It was because the unfair competition and copyright infringement claims in *Hurn* "so precisely [rested] upon identical facts" as to "characterize the same group of circumstances"[15] that the Court was able to make that determination. If the District Court *in this case* hears evidence *only* on the patent infringement claim, the merits of the trade secret claim could not possibly be adjudicated on that evidence alone. As a matter of law, on the pleadings of this case, the *Hurn* test of substantial identity can *not* be met.[16]

Respondent also ignores the fact that a second unfair competition claim in *Hurn* was dismissed by this Court *on the pleadings* for lack of pendent jurisdiction. This Court had no difficulty in disposing of that claim for lack of jurisdiction *without remanding* it to the lower court for a determination on additional facts.[17]

IV. RESPONDENT'S REMAINING CONTENTIONS ARE UNTENABLE

At page 18 of the petition reference is made to the decision of this Court in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957) that the

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[15] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[16] Respondent argues that proof limited to the nonfederal claim in this case would also establish the patent infringement claim (R. Br. 6). First, that is not true. Second, it is immaterial. The test is whether proof limited to the *federal* claim would also establish the nonfederal claim. The single cause of action specified in *Hurn* is circumscribed by the *federal* cause of action.

[17] See discussion on the similar lack of need for remand in this case at pages 7-8, *supra*.

1948 revision of 28 U.S.C. should be construed to preserve rather than change preexisting law "unless an intent to make such changes is clearly expressed".[18]

Respondent's attempt to distinguish *Fourco* must fail. In that case this Court was concerned with Sections 1391(c) and 1400(b) of 28 U.S. Code. Section 1391(c) is "a completely new section, and there is no preceding language with which it can be compared." (R. Br. 11).

Respondent also distorts petitioner's reference to the growing tendency for plaintiffs to attempt to bolster weak patent infringement claims with spurious charges of unfair competition. Too frequently the patent owner is unwilling to let the patent stand on its own footing and seeks to confuse the patent issue and increase the burden of defense. In most instances where the spurious unfair competition claim is dismissed by the federal court on jurisdictional grounds, it would never be presented in a state court.

V. CONCLUSION

This Court's historic prerequisites for the exercise of its certiorari jurisdiction were well summarized by the late Chief Justice Vinson, who stated:

> ". . . The function of the Supreme Court is, therefore, to resolve conflicts of opinion on federal questions that have arisen among lower courts, to pass upon questions of wide import under the Constitution, laws, and treaties of the United States, and to exercise supervisory power over the lower federal courts. . . .
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> * * * * * *

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[18] Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222, 227 (1957).

> "Lawyers might be well-advised, in preparing petitions for certiorari to spend a little less time discussing the merits of their cases and a little more time demonstrating why it is important that the court should hear them. . . . What the court is interested in is the actual, practical effect of the disputed decision—its consequences for other litigants and in other situations. A petition for certiorari should explain why it is vital that the question involved be decided finally by the Supreme Court. If it only succeeds in demonstrating that the decision below may be erroneous, it has not fulfilled its purpose."[19]

The petition and this reply brief demonstrate that this case meets these requirements. The petition should be granted.

Respectfully submitted,

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

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[19] Address before American Bar Association, September 7, 1949, reprinted STERN AND GRESSMAN, SUPREME COURT PRACTICE, 120-21, 254 (3d ed. 1962).